

COMMITTEE ON LANDS AND BUILDINGS

August 7, 2001

4:30 PM

Chairman Cashin called the meeting to order.

The Clerk called the roll.

Present: Aldermen Cashin, Gatsas, Levasseur, Shea, Thibault

Messrs: J. Taylor, S. Britton, K. Clougherty, K. Buckley, D. Brown,
and B. Jabjiniak

Chairman Cashin addressed Item 3 of the agenda:

Presentation by Scott Britton of AAT Communications Corporation relative
to the installation of communications antennas on city-owned structures.

Mr. Taylor stated by way of explanation as to how we got to this point, I thought it might be helpful if I advised you on how we did reach this juncture. At Alderman Gatsas' request, our office went through an RFP process to try to determine whether or not there was interest in communications companies in locating antennas and/or towers on City-owned property with the intent of trying to generate additional review for the City. Mr. Britton here represents the company that replied or responded to that RFP with some interest. Alderman Gatsas and I have met with him previously and we just thought based on the information that he provided at the time that it might be appropriate to have him make a brief presentation before this Committee to see if there is any further interest by the City in pursuing an arrangement with the company. With that, I will let Scott give his pitch.

Mr. Britton stated I am a site acquisition specialist with AAT Communications. Briefly, what our company does is we manage communication sites. We acquire rooftops, we acquire cellular towers and then we have relationships with all of the different wireless carriers to locate them on the sites that we acquire. We have a national presence with offices all across the country. My office is locally in Wilmington, MA. We also have an office in Hartford, Chicago, Richmond, VA, Las Vegas, Los Angeles, Denver and Dallas. Locally we have some towers at Mount Cranmore that we placed some carriers on. We have a rooftop agreement with One International Place in Boston. We have a rooftop agreement with

Boston University, the entire state of Michigan, as well as 35,000 miles of right-of-way for the Union Pacific Railroad where we do quarter tower builds. What AAT can do for the City of Manchester is essentially bring in tenant space rental revenue to the property owner, which would be the City. The revenue goes right to your bottom line. There are no expenditures or capital outlays by the City. Essentially what we do is we create a professional wireless facility on rooftops or vacant land by way of tower builds. Some of the services that we offer...we compile engineering data on all of the properties. What that does is allow us to expedite the site and marketability. We can market it out to carriers. They have the latitude, longitude, building height and any sort of specific requirements they may need. That is all compiled ahead of time. We have account managers who deal directly with the carriers and market the property. We have a facilities technician in-house that oversees all of the installations and any sort of site activities. That includes reviewing and approving any sort of installation plans and upgrades. AAT also negotiates all of the terms and legal points of the license agreements with the carriers so there is no legal fees on your part. The great thing about that is the owner does not, at any point, relinquish the right to accept or reject any tenant to the rooftop. What my initial proposal is and we had discussed this with Alderman Gatsas and Mr. Taylor previously, is to initially look at a few of the City owned property. We had some interest in a water tower at Hackett Hill that we think could bring in some additional revenue, as well as some towers that are already in place at Derryfield Park. Phase II of our proposal would be at some point researching other City owned properties. It is my understanding that there is not a concrete list anywhere, but at some point we would like to research that and find other properties that would be suitable as a communications facility. Basically what I have here is an information packet. It has our standard agreement and some information about our company that I would like to hand out to you and have you review. If you have any questions, you can certainly contact me.

Chairman Cashin asked if I understand what you are saying, you want to use City owned property but you don't want to pay a fee for it. Is that it?

Mr. Britton answered what happens is we lease the property out to the wireless carriers who in turn compensate the City.

Chairman Cashin asked you lease it out and they compensate the City.

Mr. Britton answered right. Our standard agreement, which I should pass out to you, the way it works is...

Alderman Levasseur interjected I would rather not take any action on this until we have...I would have liked to have had a letter from you and some documents prior to coming to the meeting to go over this. I see here the landlord shall be

compensated on a monthly basis during the term of this agreement and any renewals thereof at a rate which is 65% of the total revenue collected by AAT from those individuals or entities. So 65% is going to you and we are getting 35% or the other way around?

Mr. Britton replied it is the other way around.

Alderman Levasseur asked so you are collecting 35%.

Mr. Britton answered correct for the services...

Alderman Levasseur interjected why couldn't we, as the City, just do that on our own.

Mr. Britton replied you can certainly do that on your own.

Alderman Levasseur responded and collect 100%.

Mr. Britton replied correct you can do that on your own. What our company does is we take care of any site access issues. We take care of making sure that everything is compliant with FCC regulations. We take care of...

Alderman Levasseur interjected what is the potential for revenue.

Mr. Britton replied it varies greatly. Anywhere from \$500 to \$3,000 a month depending on the type of carrier, the amount of...

Alderman Levasseur interjected have you done this with another town or city nearby.

Mr. Britton replied not in New Hampshire. We are working on some cities in Massachusetts and do have a contract with the entire state of Michigan to use all of the state-owned properties.

Alderman Levasseur asked how many sites are you thinking about using here in the City.

Mr. Britton answered well there are three initially. I was never provided with a property list so I could go out and do research and see what would be suitable for a communications facility. The compensation is certainly negotiable to. If you feel our services are worth 20%...

Alderman Levasseur interjected that sounds good.

Mr. Taylor stated I just want to clarify something. I don't think it was my intent, nor would I ask you to approve anything tonight. I think the idea of tonight's presentation was just to give you the information. If you want to think about it for a month or whatever, that is fine. You can ask questions or come up with questions and we will try to get you the answers. There was no intent to try to get you to pass anything tonight. It was simply informational and you can decide if you want to pursue this and if you do we will get into it further.

Alderman Thibault moved to table this item. Alderman Levasseur duly seconded the motion.

Alderman Levasseur stated this is interesting because on our agenda it says Scott Britton of ATT Communications Corporation and the thing you just gave us says AAT, which is not the same.

Mr. Britton answered we are AAT.

Alderman Levasseur stated well that makes a difference to me because I thought we were dealing with AT&T and their communication network in the City. I understand now where we are going with this but it was printed as ATT on the agenda.

Chairman Cashin called for a vote on the motion. There being none opposed, the motion carried.

Chairman Cashin addressed Item 4 of the agenda:

Communication from Lucille Stevens, Chairman of the Concerned Taxpayers of Manchester, NH seeking information regarding the current financial status of a building in the Millyard, which houses the FIRST Program.

Mr. Clougherty stated as you know there was an original letter that we received from Mrs. Stevens and my response...the Board reminded me at the last meeting was not dealing with her question. I misread it so I have since given her another response and in the meantime provided all of the background on this. If the information isn't sufficient to Mrs. Stevens, I will be happy to sit down and walk her through all of the documents and all of the detail.

Chairman Cashin asked are you asking if Mrs. Stevens is satisfied.

Mr. Clougherty answered I haven't had a chance to talk to her. One of the problems we had was that the Concerned Taxpayer letterhead didn't have a phone number or an address and we spent some time trying to hunt that down.

Chairman Cashin asked, Mrs. Stevens, are you in receipt of a letter from Finance. Are you satisfied with the response you got?

Mr. Harold Levine stated I am associated with the Concerned Taxpayers. Back in 1994...we were under the impression that Dean Kamen had come to the City of Manchester and wanted to purchase a building on Bedford Street. He had his own building, but he wanted FIRST NH or whatever he calls himself. We were under the impression then that the City said okay we will help you buy the building and we will help you get a low interest bond at \$2.3 million. I think about 18 months later you as Aldermen even questioned them because nobody had heard anything about what was going on with that piece of property, who was getting the rentals, etc. To this day, nobody knows what is going on and if this was a gift. The first letter that came from Kevin Clougherty to the Concerned Taxpayers gave us the impression that this was a gift from the City of Manchester to Mr. Kamen's corporation of \$2.3 million so the taxpayers are obligated for 20 years of bond plus interest. He has been collecting the rentals, etc. and the taxpayers have just been left holding the bag. What we are trying to find out is was this a gift or is he obligated to pay off the \$2.3 million to the taxpayers of Manchester.

Mr. Clougherty stated you may recall that the structure of the deal was that the City issued bonds provided a grant to the foundation to inspire science, research and technology to acquire the building. There is a requirement that the building be used for museum purposes and there is a square footage requirement and calendar that they have to meet to make sure that the building is used for that purpose. In the event that the building is not used for that purpose, it comes back to the City. If the foundation continues to meet that threshold and use it for the purpose intended then they can have the building infinitum. That is my recollection of the document and I have refreshed my memory with Tom Clark and that was his recollection as well.

Alderman Shea stated I have a few questions. What was the purpose of this project? In other words, you explained that the Aldermen approved this project in order that it be either a museum...my understanding was that it was supposedly going to be a science hall of fame. Where are we now? There is a list of different...when I read through the documents different people that were involved in trying to stimulate interest so there would be what would be say an economic and employment impact and then there are figures listed here for a total benefit to the economy of about \$50 million. Has that been realized? Is there any realization of this at all?

Mr. Clougherty replied my recollection, Alderman, is that originally the building was acquired with the understanding that there would be a science museum and they had some graphics and things at the time that they expected to go forward, as well as provide a home for the foundation and its robotics programs and the educational mission that it was carrying out. In order to insure that, what the City did was put in certain thresholds and say that so much square feet of the building has to be museum space by X date and so much by another date and so forth. So far, the requirements of the square footage of museum space is being met because it is being used for the science enrichments down there and I think the Historic Association has a museum down there. They have had portable dinosaur exhibits and things that go around the country that come here and they use the space for. So, they have met the letter of the requirements for the square footage. Has it been the big science program that I think was originally marketed? No it hasn't, but on the other hand the mission of the...and there was a meeting I think several years ago with the Board when people from FIRST came in and explained that having looked at the idea of focusing their resources to meet their mission statement. There are people from FIRST here by the way. David Brown is the Director of FIRST and Don Clark is their facilities manager. I won't speak for them. I can just tell you what my recollection of the conversation was. My recollection is that they, at that time, said what we need to do is focus on educational products for the country to inspire science and research. The hall of fame is important, but what is more important is pulling together educational marketing information and coursework to give teachers and to move in that direction. That point, I remember, was made by a former astronaut, Allen Anderson who came in and made that presentation to the Board. It has taken some different directions, but we still have the mortgage that has the square foot requirement. As a result of the inquiry by the Concerned Taxpayers, I asked Kevin Buckley in our office who does the internal audits to go and check it and he did that and issued a report. He wasn't here at the time so he had a fresh focus on it and I asked him to look at it and tell me if they were in compliance and he measured it and said right now they are. Has it been the big impact museum that was originally talked about? No it hasn't, but it has gone in a different direction and gotten some benefits that I would let them explain rather than speaking for them.

Alderman Shea stated there is really no definition of a museum. In other words, the definition of a museum can have various different dimensions and I think that when you said that there has been a change from a "science hall of fame" to a museum type of situation, I think that is where the confusion lies because in reading through this I was under the understanding in reading through these documents that that was going to be the ultimate intent of this particular approval of the project and that because of this science hall of fame, which would rival the baseball hall of fame and the football hall of fame...I think that no one is

demeaning the efforts of Dean Kamen. FIRST is an excellent program, but basically when we start meshing the two because anyone who goes down there my understanding is and I am not demeaning anyone but on the very rich and the very poor can go to these courses. The middle class kids aren't really included. You have to pay to take the courses that are there. Now I am not saying teachers have to pay, I don't know about that but it isn't, in a sense, an open situation where everyone is benefiting from it. I am sure the children from Bedford and Manchester and surrounding communities take advantage of the summer programs, the computer programs, the robotic programs, etc. I think they are benefiting tremendously and nobody is demeaning the efforts there but I don't think it is the same as when I took my children to the Cooperstown Hall of Fame. I think this is where the \$3.5 million that the taxpayers are paying, the \$2.3 million plus the \$1.226 million in terms of the interest on the general obligation bond, I think that is where the concern is. I mean are the taxpayers getting a fair amount of return for the amount of money that they have given to Mr. Kamen or to FIRST or to whomever. Was part of the contract that there would be an economic and employment impact? Was that written into the document?

Mr. Clougherty replied I don't know if that was specifically written. I would have to go back and look but in terms of the justification from our standpoint when I looked at it I wanted to make sure that it was in there for the bonds to make sure that we could justify that it was for a legitimate purpose. I will comment that in terms of the volume I kind of wrestled with that but I wanted to make sure that you had the complete package of all of the documents and that is why I pulled together...you know it is hard because sometimes you don't want to be accused of giving you the wheelbarrow approach with all of this data and on the other hand I wanted to make sure you had everything.

Alderman Thibault stated I am a little confused. Did you say something about there being some areas of this building that are being rented? Who is collecting the rent?

Mr. Clougherty stated at the time of acquisition there were tenants who had leases. The concern of the City was we didn't want to have the building go into disrepair of any kind so as long as those leases were going in, the requirement was that you had a separate account that those dollars would go into and they could only be used for improvements to the building to keep it in good repair and it is my understanding that that is the case and you can trace the deposits and rentals back into this account. They have a separate bank account so it is very easy to track.

Alderman Thibault asked what is the split. 60/40?

Mr. Clougherty answered no. Whatever the dollars are that are collected stay down there. In terms of taxes, too, the building pays taxed on that portion of the building that is used for private purpose so there is no holiday for the...I think Wee Playschool is in there and St. Mary's Bank, so there is tax payment equal to the square footage of those places. I also believe they are current on the taxes on that.

Alderman Levasseur asked have there been any expansions at all to the two leasees. The original amount of square footage that you had when you entered into the agreement, has there been any expansion? Probably Don would know?

Mr. Clougherty answered I don't believe so.

Alderman Levasseur stated as far as doing the audit, I don't remember approving the audit in the Accounts Committee. Did we make that approval or did you just do that on your own?

Mr. Clougherty replied that is something that I requested him to do because I thought it would be information for the Board.

Alderman Levasseur stated I have no problem with it, I just thought the process was to go through the Accounts Committee. I know this had to be expedited but it is just that I didn't remember doing it and I wanted to make sure that I wasn't losing my marbles.

Mr. Clougherty replied I did call the Chairman.

Alderman Levasseur stated let me give you a little perspective on this. We have to look back at when this was done. I looked at the minutes and I read everything over. Maybe we are not satisfied with what we have today, but at the time when the contracts were written you have to remember that there was nobody going down into the Millyard area. This was meant to bring people to the City. This was meant to bring a museum to the City. I was just over there 35 or 40 minutes ago. I went through. There were people coming out of the building with their children. They were upstairs. There were a bunch of events taking place. I went down to the first floor where the historic museum has just opened up. I would ask both of you to go over and look at it. It is amazing what they are doing. The third floor is being used for FIRST. All of their robotics are there and all of their teaching machinations are there. I understand your concern but I did go over there and look at it and I think everything is going exactly the way they said it. It may not be what you want today but it was entered into at that time. Like I said I read over every document. We did an internal auditor go over and check all of the documents to make sure that the building was in good shape and that everything

was going along as the original agreement specified. I am satisfied that we did enter into that contract in 1992 and there is no way we are going to go back on that. They are doing what they said they were going to do and they are utilizing the space by the contract terms. I just wanted to tell you that I did go and check it out.

Alderman Gatsas asked how many square feet in the building, Kevin.

Mr. Clougherty answered 150,000 I think.

Alderman Gatsas asked how many square feet are occupied by the museum.

Mr. Buckley stated in my audit report I believe that the square footage occupied by the museum is now around 67,000 square feet and they were required to do 50,000 square feet at this time. Some of it is temporary exhibits, but it is on a rolling basis and they are constantly being used throughout the year so I felt comfortable that they were using as much as they were required to use for a science museum. There is a little bit of space used for just administration that I did not include in the square footage requirement.

Alderman Gatsas asked how many square feet are being occupied by the tenants.

Mr. Buckley answered 30,000 by St. Mary's Bank upstairs and approximately 15,000 by Wee Care downstairs.

Alderman Gatsas asked and what is the revenue from those two tenants.

Mr. Buckley answered I don't have the revenue figures with me. I could look them up and get back to you. They pay their taxes and are current on all of their bills. There is a balance in the account right now for any future maintenance. Every penny that they get from the tenants goes into a separate account and I was able to see that all of the monthly rents that they are being charged is going into the account and I could look at the expenditures in the general ledgers and see that all of the expenditures were either for taxes or maintenance on the building. It is a totally separate bank account.

Mr. Clougherty stated it is a totally separate bank account, not just an account from an accounting standpoint. It is a separate bank account with a separate report that we are able to trace back.

Alderman Gatsas stated so the premises are 150,000 square feet, FIRST is occupying 62,000. Are they paying taxes on the other 88,000 square feet?

Mr. Buckley replied no. The only taxes that are assessed on that are for the two for profit centers. From talking to the Assessors, you can't just do it on a percentage. They actually pay more than their percentage of square footage because part of the building that for profits are occupying is worth more than the part of the building that non-profits are occupying so they do pay the lion's share of the taxes for the building.

Alderman Gatsas asked what about the portion of the building that is not being occupied by anybody.

Mr. Buckley answered there are no taxes being paid on that.

Mr. Clougherty stated FIRST is a 501 and because it is for educational and science purposes, it is tax exempt.

Alderman Gatsas asked so there is no warehouse space being used in there.

Mr. Buckley answered the only warehouse space being used in there is us. We are using it to store a bunch of furniture.

Alderman Gatsas asked when you say us you mean the City.

Mr. Buckley answered yes.

Alderman Gatsas asked why are we not paying rent.

Mr. Buckley answered I think that part of the deal was that they would allow us to use the unused space to put this furniture in and it is all the furniture from City Hall when they were doing the renovations. They moved the old furniture down there temporary and there is still some of it sitting down there.

Mr. Clougherty stated at one time we had quite a bit of storage down there when we were occupying the Plaza and we have pulled back in terms of our square footage.

Alderman Shea asked when someone comes in and pays for a course in the non-profit part, what happens to that money. Is that used for paying staff? How does that work?

Mr. Buckley answered that goes back into the program I believe. It goes directly back into the FIRST program.

Alderman Shea asked isn't that a different program. I am a little bit confused.

Mr. Buckley answered there are actually three non-profit organizations in there. There is the Millyard Museum, which is a separate organization. There is FIRST, which is the science enrichment educational program.

Alderman Shea asked that is the robotic program that the students throughout the country are involved in.

Mr. Buckley answered correct. Then there is the SEE Science Museum.

Alderman Shea asked so in other words if someone were to go into the science museum, that is used and I am not sure whom to direct my question to but that is used in order to sustain that program. Is that the SEE program? So the SEE program is there? That used to be located in another area and then the FIRST program is there and what was the other thing you mentioned?

Mr. Buckley replied the Millyard Museum.

Alderman Shea stated that is what we were talking about before when the astronaut came and talked about the science hall of fame. Is that what that is?

Mr. Buckley responded the Historic Association owns the Millyard Museum. The astronaut, I believe, was part of FIRST.

Chairman Cashin asked Mr. David Brown and Mr. Don Clark to come to the microphone.

Mr. Brown stated there are three distinct museum/education program elements within the building. The first is FIRST and that is For Inspiration and Recognition of Science Technology and Alderman, as you said, that is the national robotics competition. The second is the Science Enrichment Encounters. That is typically targeted towards younger children. That is typically focused on local and southern NH children and that is essentially a hands-on science museum. The third is the Manchester Historic Association and Millyard Museum. That is for all ages, adult through children, etc. The museum you are referring to, the original concept was for an inventor/science hall of fame as you said. As FIRST evolved away from that and kept the City informed of the plans for evolving to a different type of use of the space, while there is some of that, essentially it is not used as a "science hall of fame."

Chairman Cashin stated you said that the City was informed about this. How was the City informed?

Mr. Brown replied as the Alderman said, the original concept of using virtually the entire building for a tourist generating science and technology museum...the original cost estimates came in at somewhere north of \$60 million in the early to mid 1990's. It was clear that FIRST could not generate those type of resources and there was a presentation made and I wasn't here at the time, at some point during the mid to late 90's indicating that we were going to have to move away to something more modest in scale. I wasn't here so I don't know when the presentation was made.

Mr. Clougherty stated I think it was 1997.

Chairman Cashin asked was it made to the Board.

Mr. Clougherty answered yes. That is the presentation that the former astronaut Andy Allen made.

Chairman Cashin stated when it originally came up, I voted against it but it has been successful and I am not throwing daggers at anybody. However, we are not doing what we originally planned to do with that building is that fair to say?

Mr. Brown replied I would say that the original discussion in 1992, that vision has not been a reality. You are correct.

Chairman Cashin stated I think I was the only Alderman here presently who attended that meeting and we were told that it was going to bring hundreds of thousands of people in here and none of this has transpired. Is that fair?

Mr. Brown replied I would say that is fair.

Chairman Cashin stated I think that is probably where a lot of these questions are coming from. I think you have done a great job. I don't think anyone in this City doesn't think that it is a great thing for the City. We are very happy with it, however, it is not going in the direction that we originally planned and I guess we both agree with that. Now Kevin in a letter dated to you on July 5, 2001 it says in September 1994 US FIRST issued a note payable to the amount of \$2 million to the City of Manchester with a maturity date of 9/1/2013. The note payable is shown on the balance sheet. Are you saying that US FIRST has a note to the City of Manchester for \$2 million and that it will be payable to the City of Manchester by 2013?

Mr. Clougherty replied no. I will let the Solicitor correct me if I am wrong here, but my understanding is the recourse we have on that is through the building only.

If they don't meet the terms of the space requirements for utilization then the City takes the building.

Chairman Cashin stated maybe I am reading this wrong but that is not the way I read this. I am on Page 4 and it says, "the following update is offered to answer the issues raised by the Concerned Taxpayers of the City of Manchester. Please be advised that in September 1994 US FIRST issued a note payable in the amount of \$2 million to the City of Manchester with a maturity date of 9/1/2013. This note payable is show on the balance sheet." Now, is there a note payable to the City of Manchester for \$2 million?

Mr. Clougherty replied there is a note on their balance sheet, but the recourse to the City is only through the taking of a structure. It is repossession or a reverter right. Tom, am I right on that? The recourse is that if they don't meet the requirements, you have the building and that serves as the collateral.

Alderman Levasseur asked the City pays for this bond right. At the end of the note, who owns the building? Do we still own the space?

Mr. Clougherty answered FIRST owns the building but I believe we still keep the reverter requirement.

Chairman Cashin stated wait a minute. There are no reverter rights on that building are there?

Mr. Clougherty replied my understanding is in the event that the space does not continue to be used for the purpose intended it would revert back.

Chairman Cashin responded it is not being used for the purpose that we originally agreed to. We already agreed on that.

Mr. Clougherty replied on the scale you are right. I agree with what you are saying but in terms of meeting the technical requirements and the mortgage in terms of square footage and museum space, although it may not be what was originally envisioned, they are providing museum space and complying with the requirement of the mortgage.

Chairman Cashin stated but the bottom line is at the end of 2013 or whatever, that building reverts back to US FIRST and not to the City of Manchester. There is no mortgage and we have no reverter rights. It belongs to US FIRST and the City of Manchester has put \$3.5 million into it.

Mr. Clougherty replied at that point in time and I would have to go back and check on this because I am not certain, but it is my understanding that it goes to FIRST, however, if it is not being used for museum purposes or for the purpose outlined in the mortgage at that point the City has some recourse. Again, I would have to talk to Tom and go back but that was my recollection.

Alderman Levasseur stated I think that Alderman Cashin brings up a very important point here and that is reverter rights. If, at the end of 2013...do we have a deed that says that is must stay in the same use? You keep equivocating and I am not sure if we have a statement that is conclusive here.

Mr. Clougherty replied again I did the finances and not the deeds. I would have to go back and check. I don't want to give you misinformation.

Alderman Levasseur stated let me give you an example of what could happen here if we don't have reverter rights and we don't protect our interest on this. It would be incumbent upon this Board now to protect its interests at this date and because of the purpose...I mean you could spend all day long in a courtroom going over this with a couple of lawyers and a judge saying did you follow the purpose and we could go into that and a judge could say you know they are not fulfilling their requirements and then they could give it back to us now or we could make sure that we make those changes now. I think that it would be incumbent upon the City to protect its vested interest as the City taxpayers have been paying this bond. We better have those reverter rights in there so that if it changes the use, we want to protect ourselves because we have made a very substantial investment. I don't see why US FIRST would have a problem with that if it was an oversight.

Mr. Clougherty replied my recollection at the time and the reason that the mortgage requirements were structured they were was so that when you got out to that point in time it either had met the requirement in which case going forward you had the museum or it didn't and you could take action.

Alderman Levasseur stated well you are being speculative so we need to get that document and we need to get that deed and see if there has been some sort of a...I don't know but maybe Tom Arnold could get that for us.

Deputy Solicitor Arnold replied I can locate the deed.

Alderman Thibault asked if and when this building becomes FIRST in 2013, do they have to pay taxes on this building.

Mr. Clougherty answered no. Again, it would be based on the use of the building. If it still used for the museum and you would not give it over to them at that time unless it was for a museum.

Alderman Levasseur responded that is being speculative on your point though.

Mr. Clougherty stated no. I am not an attorney but my recollection is...

Alderman Levasseur moved to table this item.

Alderman Gatsas asked the 62,000 square feet, how much of it is permanent museum space.

Mr. Buckley stated I estimate a little over 30,000 square feet is in daily continual use as a museum.

Alderman Gatsas asked when you say floating museum space...

Mr. Buckley interjected that is like the section where the dinosaur exhibit was and there are other sections of the building where US FIRST will set-up displays or have the students go in and do work.

Alderman Gatsas asked, Mr. Brown, is there space right now...what is in the dinosaur space right now.

Mr. Brown answered the dinosaur space is currently vacant anticipating the next...

Alderman Gatsas interjected how many square feet is that.

Mr. Brown replied I would say roughly 7,500 square feet.

Alderman Gatsas asked what else do you have in the rotating space.

Mr. Brown answered it depends on the time of year. At the present time the space downstairs is being used for staging areas for the upcoming robotics competition and things along those lines. Come January we will be using that space as education space for all of the 1,200 team representatives that come to town, etc.

Alderman Gatsas asked so under the current lease you really are not occupying 50,000 square feet.

Mr. Brown answered no, we are. This also does not include the Manchester Historic Association in the calculation and the Manchester Historic Association is roughly 16,000 or 17,000 square feet.

Alderman Gatsas stated I don't see that making a reference in the mortgage.

Mr. Brown replied the Manchester Historic Association was absolutely viewed by us certainly as part of the obligation for the 50,000 square feet.

Alderman Gatsas responded that is not what it says in this mortgage. No where does it talk about that. It talks about occupancy by FIRST.

Mr. Brown stated I believe we wrote to the City in 1997 requesting clarification on that point and never received a response.

Alderman Gatsas asked do you have a copy of that letter.

Mr. Brown answered I believe so, yes. I have to get the correct letter here.

Alderman Levasseur stated I am looking at the mortgage itself, the purchase and sales agreement. It says memorandum across the top of the document. Tom, if you have this, turn to Section 17. If you look at sale of premises and closing conveyances on Page 2 it says, "at closing seller shall convey good and marketable insurable fee simple title." Fee simple title seems to me that there are no reverter rights. I think you were right, Alderman Cashin, in your statement that there are no reverter rights in this. Fee simple title is just the absolute best thing you can get whenever you get into a sale like this. Now I am a little nervous myself. We have given away the building and we don't have any reverter rights if they don't use it for the purpose they state. It is not in the actual deed itself. I don't know if the deed has changed since they got to the closing, but I would doubt it.

Alderman Thibault duly seconded the motion to table.

Mr. Brown gave a copy of the letter he was looking for to Alderman Gatsas.

Alderman Gatsas asked and you got no response to any of this.

Mr. Brown answered correct.

Alderman Gatsas asked and your assumption was without a response it was okay.

Mr. Brown answered I made no assumption. I wasn't here at the time.

Alderman Gatsas replied well whomever.

Alderman Levasseur stated I would like to make another point before we table this. If you look at the mortgage note itself, it says specifically in here Kevin if renovation of the mortgage premises is not completed and the museum commenced operation for such purposes of the minimum square footage of space in each case within the outside date set forth in Section 28 of the mortgage it says as that term is here and after defined or if at any time after the commencement of such operation and on or prior to the maturity date the mortgage premises other than the non-museum areas shall cease to be so utilized as a museum, the terms as provided below shall become due and payable forthwith upon the demand therefore in writing by the City. In other words, even though we are actually paying the bond ourselves, if they didn't comply with the actual structure of the original agreement they would have to come forward with the full payment that would be due and payable.

Mr. Clougherty replied right and that was my point. It is by the end of the mortgage so they have some time to meet certain thresholds but the City certainly isn't going to give them over the building at that time if it hasn't met with the City's requirement.

Alderman Levasseur stated I would just say that that clause would be called leverage in order to get reverter rights. In other words, if we were in dispute as to whether the original purposes were actually being complied with and were not being complied with, we would use this as leverage to say okay give us our reverter rights so that way it would at least protect us for the...and fee simple absolute that that property would always be used as a museum. I don't know if that was the original intent that it would always stay as a museum after the bond was paid for. I think that would have to be a historical check but you were there, Alderman Cashin.

Chairman Cashin stated if I recall correctly, yes, it is supposed to remain a museum.

Alderman Levasseur replied somebody slipped up by not putting in reverter rights then.

Chairman Cashin called for a vote on the motion to table. There being none opposed, the motion carried.

Chairman Cashin addressed Item 5 of the agenda:

Communication from the Destination Manchester Coordinator submitting

the fiscal analysis for two office consolidation sites.

Mr. Jabjiniak stated a couple of months ago it was requested of me to conduct an analysis of the building at 1415 Elm Street for use towards office consolidation. We have actually gone back and addressed two properties. The other one being 149 Hanover Street, a vacant building or the former Indian Head Bank building. That came through some discussion with the Mayor's Office.

Alderman Gatsas asked who authorized this study. Who paid for it? Is there a cost to this?

Mr. Jabjiniak answered it was either \$500 or \$1,000.

Alderman Gatsas asked who authorized it.

Mr. Jabjiniak answered it was approved through the Mayor's Office.

Alderman Gatsas asked how did you not come to this Board or this Committee and ask for this.

Mr. Jabjiniak answered it was done as part of a request to look at that building and we needed to figure out how it would get done and we engaged the consulting services of Mr. Wallace to perform that. We are not equipped to do that.

Alderman Gatsas asked who gave you the authority to do it is my question.

Mr. Jabjiniak answered I acted on the direction of the Mayor.

Alderman Levasseur asked and where did the money come from. What account?

Mr. Jabjiniak answered it was paid out of a CIP account. I don't have the number in front of me, but I will be happy to provide that to you.

Alderman Levasseur asked are you telling me that this only cost \$1,000. Randy, do you know how much this cost?

Mr. Sherman answered I don't.

Alderman Levasseur stated this is a hefty report. This is bigger than the one we did for the senior center and that one cost us \$40,000.

Alderman Gatsas stated I am not shooting the messenger but I would assume when 14 people are elected by the citizens of Manchester to make some decisions on

how to spend money...now I know that \$500 or \$1,000 is not a lot of money but I would think that Lands & Buildings would certainly have to be asked whether we are in favor of this. This was never brought to our attention.

Alderman Levasseur stated the other question besides the cost is who ever authorized anybody to go and make a decision on whether we were going to consolidate or not. I don't ever remember making an approval of whether we were going to consolidate.

Alderman Gatsas replied we asked for this.

Alderman Levasseur asked for which departments.

Alderman Gatsas answered for all of the City departments.

Alderman Levasseur stated well this only includes three.

Alderman Shea stated I think at the last meeting, being on the Human Resources Committee, I did raise the question to the Mayor about consolidation. We didn't know anything about it.

Alderman Gatsas stated I think he was talking about consolidating the space that they have. This has been going on for nine months.

Chairman Cashin stated this discussion came up when we were talking about the senior center.

Alderman Levasseur stated if you look at the date on this building study, it is June 20. Now we just got...I can't show you how many documents we got for FIRST. We got this with nothing and I couldn't even read this before I came here to understand what it was about. This was June 20 and we are not in August. A whole 40 or 45 days has gone by, Mr. Jabjiniak, and we haven't even been given the study to read before you came here. This is the kind of stuff that really makes people nuts.

Chairman Cashin suggested that this item be table to give everyone time to read the study.

Alderman Levasseur stated before we table it, I would like to know what they are thinking with this consolidation because this is the first I am hearing of it. I think what we have here, Mr. Chairman, is if you look at what they gave us it is another bunch of numbers across a bond issue. They haven't given us what their plan is. We don't even have a plan. I don't even understand what the consolidation is

about. Now if we were going to go with the Sears building, it was going to be for more than three departments and if we are going to go with the Indian Head Bank, that is three departments but the Sears building could take more than three departments. I think, again, like we did with the senior center issue, we are going to be comparing watermelons to oranges.

Mr. Jabjiniak replied at the last Board meeting this item was referred to Lands and Buildings and simply that is why we are here. Certainly the June 20th date...the Board meeting in July was the first opportunity to refer it to Committee. What the objective is here is to look at what we are paying for lease space, what our needs are...yes you are right. The Sears building is larger. It accommodates more departments. The other building is closer to City Hall and it specifically is focusing on three departments and not MCTV or a training center or archive storage. So, there are a couple of objectives here looking to fiscal responsibility of lease departments, secondly looking at improving the conditions specifically for the Health Department and thirdly is better access for the citizens. Certainly, they both have pros and they both have cons and that is what I am here to talk about if necessary.

Alderman Shea asked the three departments that you are considering are what.

Mr. Jabjiniak answered Health, Welfare and the Office of Youth Services.

Alderman Shea asked Welfare would be combined with the other two.

Mr. Jabjiniak answered again, this is office space consolidation, not department consolidation. That is a separate issue that I am not part of.

Alderman Shea asked in other words what you are saying is you are going to put these three departments in one building but they won't be under one person, they will be under specific...I know that we did receive something in the mail concerning the consolidation of the Health Department, Youth Services and Elderly Services and that is a separate issue correct.

Mr. Jabjiniak answered I am not part of that discussion. I am just talking about the office consolidation.

Alderman Gatsas asked when did you receive this study.

Mr. Jabjiniak answered probably a day or two following June 20.

Alderman Gatsas stated I have a letter here from you to the Board dated July 9. It is the fiscal analysis of the two sites for office consolidation. Is there a reason why you didn't present this to the Board at that time?

Mr. Jabjiniak replied not a specific reason. I was probably waiting to assemble the complete package, which was the fiscal piece and the study.

Alderman Gatsas asked the fiscal piece that was attached on these pages. So what you gave us was the fiscal piece...

Mr. Jabjiniak interjected I did not give you that.

Alderman Gatsas asked is there a reason why you didn't give it to us.

Mr. Jabjiniak answered no there is not. I agree with the comment that was made earlier about getting it to you to read ahead of time.

Alderman Levasseur stated I think the reason you didn't give us that is because you really wanted to get that Teamster Hall and if you would have had the Teamster Hall then you would have had the elderly in there.

Chairman Cashin replied that has nothing to do with this.

Alderman Levasseur asked how do you know. You are being speculative on a question that I am asking him. He gave us the numbers for the senior center. He gave us the numbers for the Teamster Hall. He had this study on June 20. Let me ask you a question, Bill, when you were voted in your position you were supposed to be the Destination Downtown Coordinator right? You were supposed to be calling all of the states and towns and countries trying to bring business downtown. This isn't what we put you in position for...to be dealing with consolidation of elderly services. Where does somebody get off giving him...listen this guy is working on consolidation and he is supposed to be working with gentlemen like Mr. Anagnost bringing development down here. That is what he was supposed to be doing. It is crazy.

Chairman Cashin asked, Bill, you were asked by the Mayor's Office to do this is that correct.

Mr. Jabjiniak answered that is correct.

Chairman Cashin asked you work for the Mayor right.

Mr. Jabjiniak answered yes I do.

Chairman Cashin asked so why wouldn't you do it.

Alderman Levasseur stated we knew this was going to happen and that he was going to be put on other projects. I am not blaming him. I am asking him why this is like this.

Chairman Cashin replied I just explained it to you.

Alderman Levasseur asked how is he supposed to be in his office working on getting us business down here when he is being asked to do all of these other studies. This is crazy and we are not on TV so I am not trying to play to any cameras. I am upset about it.

Chairman Cashin stated I would like to recommend that we table this.

Alderman Levasseur moved to table this item. Alderman Shea duly seconded the motion. The motion carried with Alderman Gatsas being duly recorded in opposition.

Chairman Cashin addressed Item 6 of the agenda:

Communication from the Water Works Director requesting the Board's approval for the renewal of a lease agreement with Sandy's Variety Store located on Candia Road.

On motion of Alderman Levasseur, duly seconded by Alderman Shea, it was voted to approve this request.

Chairman Cashin addressed Item 7 of the agenda:

Communication from the Water Works Director requesting the Board's approval to the granting of a permanent and slope easements to the Town of Auburn on Coleman Road.

On motion of Alderman Shea, duly seconded by Alderman Thibault, it was voted to approve this request.

Chairman Cashin addressed Item 8 of the agenda:

Communication from Donald DiBuono on behalf of Anagnost Properties asking that the Board make a formal request to the State of New Hampshire to allow a new drive access on City property located in the vicinity of

Kelley/ Biron/Agnes Streets for a proposed multi-family and elderly housing complex.

Alderman Levasseur moved to approve this request.

Deputy Clerk Johnson stated we would just note for the record that there were two communications that were distributed to the Committee from Planning and Highway.

Alderman Levasseur moved to table this item. Alderman Thibault duly seconded the motion.

Chairman Cashin called for a vote on the motion. The motion carried with Alderman Gatsas being duly recorded as abstaining.

TABLED ITEMS

9. Communication from Sheila M. Grace requesting to purchase property located on River Road known as Map 222/Lot 79.

Deputy Clerk Johnson stated we would note that we did get a response from one of the abutters and we did enclose that. From what I gather, there are two abutters interested so you may wish to order the property out for auction at a price to be determined by the Assessors.

On motion of Alderman Shea, duly seconded by Alderman Thibault, it was voted to remove this item from the table.

On motion of Alderman Levasseur, duly seconded by Alderman Thibault, it was Voted to order the property out for auction at a price to be determined by the Assessor.

10. Communication from Michael Lemay and Cynthia Genest inquiring as to whether the City is interested in disposing of a parcel of land known as Map 134/Lot 37.

On motion of Alderman Thibault, duly seconded by Alderman Shea, it was voted to remove this item from the table.

Deputy Clerk Johnson stated the recommendation to place this item on the table, I believe, came from Planning. They were stating that it is a possible site at some future date and time and felt that it would be appropriate that it be held aside.

Alderman Shea asked for clarification is this the building that is next to the Greek Church up on Hanover Street.

Deputy Clerk Johnson answered I believe that is the monastery property and that is one of the larger pieces that the City had and the Planning Director was suggesting to hold it until such time as you resolved your pending issues on the senior center.

On motion of Alderman Thibault, duly seconded by Alderman Shea, it was voted to put this item back on the table.

NEW BUSINESS

Alderman Gatsas stated I look at these two tabled items and I think it has been...I think this Committee probably met for the first time in January and we have been looking for a list of City owned property for the better part of 18 months and have not received it yet.

Alderman Gatsas moved that by September 15 we must receive a list.

Deputy Clerk Johnson replied I just spoke with the Solicitor and there is a lien process and I know that it recently closed out and some of that property...there will be more added to that probably so I am just not sure if those will be completed by September 15.

Alderman Gatsas responded I am not concerned about that.

Deputy Clerk Johnson stated whatever is there, Planning can certainly provide that. Do you want all City owned property?

Alderman Gatsas replied yes with some sort of identification if it is vacant.

Deputy Clerk Johnson stated there is a spreadsheet that Planning has on record already and we can get a copy of that for you.

There being no further business, on motion of Alderman Thibault, duly seconded by Alderman Shea, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee